

Message Text

UNCLASSIFIED

PAGE 01 STATE 235493

50

ORIGIN EB-06

INFO OCT-01 EUR-08 IO-04 ISO-00 AGR-05 SWF-01 AID-05

CEA-01 CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 RSC-01

CIEP-01 SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01

OMB-01 L-01 AF-04 ARA-06 EA-06 NEA-06 /069 R

DRAFTED BY EB/OF/FFD-RESE"VICE/LS

APPROVED BY EB/OF/FFD-RESERVICE

USDA-RSHEGOGUE

EUR/RPE-JMCCARTHY

----- 007446

R 251752Z OCT 74

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS STATE 235493

E.O. 11652 :N/A

TAGS: EAGR, EEC, EAID

SUBJECT: EC-US DIFFICULTIES WITH FOOD AID UMRS

REF: EC BRUSSELS 7937

1. APPRECIATE POINTS MADE BY RABOT IN HIS MESSAGE TO MIS-
SION OF SEPTEMBER 30. PLEASE INFORM HIM WE TAKE HIS COM-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 235493

MENTS SERIOUSLY, SHARE HIS CONCERN TO AVOID DELAYS IN FOOD

AID SHIPMENTS, AND HOPE TO BE ABLE REDUCE UMR (USUAL MARKETING REQUIREMENT) DISAGREEMENTS IN FUTURE.

2. IT IS NOT CLEAR FROM MESSAGE THAT RABOT UNDERSTANDS FULLY REASON FOR US RESERVATION ON MANY EC-ESTABLISHED UMRS. WHILE EC USES INTERNATIONAL WHEAT COUNCIL (IWC) EXPORT DATA IN DETERMINING UMRS FOR WHEAT/WHEAT FLOUR, US BELIEVES IMPORT DATA FROM RECIPIENT COUNTRY GENERALLY MORE ACCURATE AND IN OTHER RESPECTS PREFERABLE. REASONS FOR THIS PREFERENCE SET FORTH IN LETTER OF OCTOBER 11 TO EC/WASHINGTON, COPY OF WHICH BEING POUCHED TO USEC. USE OF IMPORT DATA TO DETERMINE UMR NORMALLY REQUIRES COOPERATION POTENTIAL RECIPIENT GOVERNMENT. WE DO NOT REQUEST SUCH COOPERATION IN OBTAINING LATEST IMPORT DATA UNLESS WE ARE CONSIDERING US FOOD AID TRANSACTION. ACCORDINGLY, FOR MANY EC-PROPOSED UMRS WE DO NOT HAVE INFORMATION IN HAND ON WHICH TO EITHER AGREE FULLY WITH EC OR NEGOTIATE DIFFERENT, IN OUR VIEW, MORE ACCURATE UMR. THE US RESERVATION IS NOT INTENDED

AND SHOULD NOT DELAY EC TRANSACTION.

3. IN THOSE CASES WHERE THE US SUBSEQUENTLY PROPOSES A TRANSACTION WITH A COUNTRY FOR WHICH AN EC UMR BASED ON IWC DATA IS ALREADY ESTABLISHED, OUR USE OF IMPORT DATA WILL FREQUENTLY INDICATE THE NEED FOR A DIFFERENT LEVEL UMR. HOWEVER, IF THE DIFFERENCE IS MINOR WE WILL USE THE EXISTING UMR. IF IT IS SIGNIFICANT WE WILL SEEK EC AGREEMENT TO A REVISED UMR. EVEN IN THIS SITUATION WE DO NOT SEE METHODOLOGICAL DIFFERENCE IN OUR APPROACHES TO UMRS AS SEVERE OPERATIONAL IMPEDIMENT TO EC PROGRAMING. AS PROPONENT OF REVISED UMR, BURDEN IS ON US TO DEMONSTRATE VALID BASIS FOR HIGHER OR LOWER LEVEL. NEW AGREED LEVEL CANNOT BE APPLIED RETROACTIVELY TO COMPLETED EC TRANSACTIONS, ALTHOUGH IN ANY SUBSEQUENT TRANSACTIONS DURING RELEVANT TIME PERIOD WE WOULD EXPECT EC TO USE NEW AGREED LEVEL. REGARDLESS, IF EC AGREES TO US-PROPOSED REVISION AND THIS IS THEN INCORPORATED INTO AGREEMENT WITH RECIPIENT COUNTRY ON US TRANSACTION, IT WOULD EFFECTIVELY BECOME "THE UMR" FOR THAT COUNTRY FOR THAT TIME PERIOD. IN OTHER WORDS, THE MOST RECENT AGREED UMR SUPER-

UNCLASSIFIED

PAGE 03 STATE 235493

CEDES PREVIOUS FOR CURRENT AND SUBSEQUENT TRANSACTIONS.

4. SRI LANKA AND RWANDA CASES CITED REFTTEL REPRESENT DIFFERENT CATEGORY OF UMR PROBLEM. DISAGREEMENT NOT OVER APPROPRIATE LEVEL UMR IN LIGHT OF DISCREPANCIES BETWEEN IWC EXPORT DATA AND RECIPIENT COUNTRY IMPORT DATA BUT, RATHER, WHETHER TO SET ARTIFICIALLY LOW UMR IN LIGHT OF SPECIAL ECONOMIC CIRCUMSTANCES. SPECIAL LOW UMR HAS BEEN

IN EFFECT FOR SRI LANKA FOR NUMBER OF YEARS. EC PROPOSED INCREASE BUT THEN ACCEPTED US AND PERHAPS OTHER DONOR ARGUMENTS THAT CIRCUMSTANCES WARRANTING LOW UMR ESSENTIALLY UNCHANGED. IN CASE RWANDA, EC PROPOSED NO UMR. WE INITIALLY OBJECTED ON BASIS ADEQUATE CASE NOT MADE FOR DEPARTURE FROM NORMAL PROCEDURE. IN LIGHT SUBSEQUENT INFORMATION WE HAVE AGREED TO EC'S ZERO UMR PROPOSAL. FUTURE CASES THIS TYPE WILL ARISE. WE WILL ATTEMPT TO RESOLVE THEM IN AN EXPEDITIOUS AND CONSTRUCTIVE MANNER. WE READ RABOT'S MESSAGE TO MEAN THAT EC WILL CONTINUE TO HAVE SAME CONSTRUCTIVE ATTITUDE.

5. FYI. WITH RESPECT TO MISSION'S COMMENTS IN FINAL TWO PARAGRAPHS REFTEL, WE AGREE THAT UMR QUESTIONS MUCH LESS IMPORTANT IN CURRENT TIGHT WORLD SUPPLY SITUATION. HOWEVER, WE CANNOT BE SURE CONDITIONS WHICH GAVE RISE TO UMR PROCEDURE WILL NOT RETURN AND WE WOULD NOT WANT TO SEE WHOLESALE DISMANTLING OF SURPLUS DISPOSAL PRINCIPLES AND GUIDELINES DEVELOPED OVER PAST TWENTY YEARS. MISSION'S PROPOSAL THAT WE NOT CONSULT BILATERALLY ON

SHIPMENTS LESS THAN MINIMUM SIZE (50,000 TONS) IS NOT DESIRABLE. FOR MANY COUNTRIES 50,000 TONS (OR EVEN LESS) REPRESENTS SUBSTANTIAL PART OF WHEAT/WHEAT FLOUR IMPORTS. SERIES OF 50,000 TON TRANSACTIONS BY ONE OR VARIOUS DONORS COULD EFFECTIVELY NEGATE CONSULTATION PROCEDURES EXCEPT WITH REGARD TO LARGEST FOOD AID RECIPIENTS. CSD IS NOT AN APPROPRIATE SUBSTITUTE FOR BILATERAL CONSULTATION PROCEDURES REPRESENTATIVES TO CSD MUST INFORM HOME GOVERNMENTS IN ANY CASE. THERE IS NOTHING TO BE GAINED, AND TIME WOULD BE LOST, BY HAVING NOTIFICATIONS AND RESPONSES FUNNELED THROUGH MULTILATERAL FORUM. MISSION'S POINT (C) ADDRESSED IN PARA 3 ABOVE. -- --

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 235493

6. GIVEN DIFFERENT EC AND US BASES FOR DETERMINING UMRS WE ARE GOING TO HAVE CONTINUING CONSULTATION PROBLEMS, AND WILL NEED MISSION'S CONTINUING ASSISTANCE. WE WELCOME ANY FURTHER THOUGHTS YOU MAY HAVE THIS SUBJECT. INGERSOLL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, AGREEMENTS, WHEAT, FOOD ASSISTANCE, IMPORT DATA, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE235493
Document Source: CORE
Document Unique ID: 00
Drafter: RESE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740307-0266
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741015/aaaaamdx.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: EC BRUSSELS 7937
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAR 2002 by chappeld>; APPROVED <06-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC-US DIFFICULTIES WITH FOOD AID UMRS
TAGS: EAGR, EAID, RW, EEC, IWC-2
To: EC BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005